

Mendon Township  
Financial Statements  
March 31, 2007

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <u>Mendon Township</u>	County <u>St. Joseph</u>
Fiscal Year End <u>March 31, 2007</u>	Opinion Date <u>September 10, 2007</u>	Date Audit Report Submitted to State <u>September 27, 2007</u>	

We affirm that:

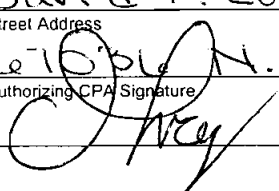
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- |     |    |  |
|-----|----|--|
| YES | NO |  |
|-----|----|--|
- Check each applicable box below.** (See instructions for further detail.)
1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  4. ☒ ☐ The local unit has adopted a budget for all required funds.
  5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  11. ☒ ☐ The local unit is free of repeated comments from previous years.
  12. ☒ ☐ The audit opinion is UNQUALIFIED.
  13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) <u>David F. Locey, CPA</u>		Telephone Number	
Street Address <u>6766 N. M. Lb</u>		City <u>Sturgis</u>	State <u>MI</u>
Authorizing CPA Signature 		Printed Name <u>DAVID LOCEY</u>	Zip <u>49091</u>
		License Number	

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## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Township of Mendon  
St. Joseph County, Michigan


We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Mendon, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Mendon, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, management has not reported its financial statement under GASB 34 reporting format. As a result, no management discussion and analysis report, government wide statement of net assets, or government wide statement of activities is included. Management has not recorded certain general assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United State of America, the financial position of the governmental activities of the Township of Mendon, Michigan, as of March 31, 2007, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Mendon, Michigan as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



David F. Locey, CPA, PC  
Sturgis, Michigan  
September 10, 2007

Mendon Township  
Combined Balance Sheet  
All Fund Types and Account Groups  
March 31, 2007

ASSETS

	Governmental Fund Types	
	General	Special Revenue
ASSETS		
Cash	\$14,784	\$58,405
Investments	210,268	222,329
Delinquent taxes receivable	6,300	14,949
Accounts receivable-State Revenue Sharing	31,128	0
Due from other funds	11,242	0
Property, plant and equipment	0	0
Prepaid Expenses	1,122	2,279
Total assets	<u>\$274,844</u>	<u>\$297,962</u>

LIABILITIES AND FUND EQUITY

LIABILITIES		
Accounts payable	\$10,596	\$4,794
Due to other funds	0	0
Due to other governmental units	0	0
Total liabilities	10,596	4,794
FUND EQUITY		
Investment in general fixed assets	0	0
Fund balance	264,248	293,168
Total fund equity	264,248	293,168
Total liabilities and fund equity	<u>\$274,844</u>	<u>\$297,962</u>

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type	Account Groups	Total (Memorandum Only)
Tax and Trust & Agency	General Fixed Assets	Reporting Entity
\$13,887	\$0	\$87,076
0	0	432,597
0	0	21,248
0	0	31,128
0	0	11,242
0	666,356	666,356
0	0	3,401
<u>\$13,887</u>	<u>\$666,356</u>	<u>\$1,253,048</u>
\$0	\$0	\$15,389
11,242	0	11,242
2,645	0	2,645
<u>13,887</u>	<u>0</u>	<u>29,276</u>
0	666,356	666,356
0	0	557,416
<u>0</u>	<u>666,356</u>	<u>1,223,772</u>
<u>\$13,887</u>	<u>\$666,356</u>	<u>\$1,253,048</u>

Mendon Township  
Combined Statement of Revenues, Expenditures and Changes  
in Fund Balances - All Governmental Fund Types  
For the Year Ended March 31, 2007

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	Reporting Entity
<b>REVENUE</b>			
Taxes and special assessments	\$67,498	\$139,756	\$207,254
Trailer park fees	842	0	842
State aid	126,505	5,448	131,953
Licenses, permits and fines	8,442	16,137	24,579
Sales and service	5,012	0	5,012
Interest	14,427	8,578	23,005
Federal aid	0	0	0
Miscellaneous	3,700	12,065	15,766
Transfers from other funds	0	0	0
Property sale	0	0	0
Total revenue	226,426	181,984	408,410
<b>EXPENDITURES</b>			
General government	163,093	0	163,093
Town hall	7,730	0	7,730
Cemetery	27,658	0	27,658
Library	0	85,283	85,283
Fire	0	43,652	43,652
Roads	22,140	0	22,140
Ambulance service	9,458	0	9,458
Federal Revenue Sharing	0	0	0
Total expenditures	230,078	128,934	359,013
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	(3,653)	53,050	49,397
<b>FUND BALANCE - BEGINNING</b>	267,901	240,118	508,019
<b>FUND BALANCE - ENDING</b>	\$264,248	\$293,168	\$557,416

The notes to the financial statement are an integral part of this statement.



Mendon Township  
Combined Statement of Revenues, Expenditures and Changes  
in Fund Balances - All Governmental Fund Types  
For the Year Ended March 31, 2007

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Taxes and special assessments	\$57,000	\$67,498	\$10,498
Trailer park fees	1,200	842	(359)
State aid	130,000	126,505	(3,495)
Licenses, permits and fines	13,500	8,442	(5,058)
Sales and service	5,000	5,012	12
Interest	3,500	14,427	10,927
Federal aid	0	0	0
Miscellaneous	15,550	3,700	(11,850)
Transfers from other funds	0	0	0
Property sale	0	0	0
Total revenue	225,750	226,426	676
EXPENDITURES			
General government	166,920	163,093	3,827
Town hall	7,300	7,730	(430)
Cemetery	30,205	27,658	2,547
Library	0	0	0
Fire	0	0	0
Roads	19,050	22,140	(3,090)
Ambulance service	10,000	9,458	542
Federal Revenue Sharing	0	0	0
Total expenditures	233,475	230,078	3,397
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(7,725)	(3,653)	4,072
FUND BALANCE - BEGINNING	267,901	267,901	0
FUND BALANCE - ENDING	\$260,176	\$264,248	\$4,072

The notes to the financial statement are an integral part of this statement.

Special Revenue Funds			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$133,000	\$139,756	\$6,756	\$190,000	\$207,254	\$17,254
0	0	0	1,200	842	(359)
6,121	5,448	(673)	136,121	131,953	(4,168)
18,000	16,137	(1,863)	31,500	24,579	(6,921)
0	0	0	5,000	5,012	12
6,800	8,578	1,778	10,300	23,005	12,705
0	0	0	0	0	0
427	0	(427)	15,977	3,700	(12,277)
400	12,065	11,665	400	12,065	11,665
0	0	0	0	0	0
164,748	181,984	17,236	390,498	408,410	17,912
0	0	0	166,920	163,093	3,827
0	0	0	7,300	7,730	(430)
0	0	0	30,205	27,658	2,547
84,441	85,283	(842)	84,441	85,283	(842)
49,550	43,652	5,898	49,550	43,652	5,898
0	0	0	19,050	22,140	(3,090)
0	0	0	10,000	9,458	542
0	0	0	0	0	0
133,991	128,934	5,057	367,466	359,013	8,453
30,757	53,050	22,293	23,032	49,397	26,365
240,118	240,118	0	508,019	508,019	0
<u>\$270,875</u>	<u>\$293,168</u>	<u>\$22,293</u>	<u>\$531,051</u>	<u>\$557,416</u>	<u>\$26,365</u>

Mendon Township  
Notes to Financial Statements  
For the Fiscal Year Ended March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

II. The Township of Mendon is located in St. Joseph County and provides services in many areas including public safety, highways and streets, general administrative services, and community enrichment.

A. PRINCIPLES USED IN DETERMINING THE SCOPE OF ENTITY FOR FINANCIAL REPORTING PURPOSES

REPORTING ENTITY - In accordance with generally accepted accounting principles and Governmental Accounting Standards Board Statement #14 "The Financial Reporting Entity". The Township of Mendon, Michigan operates under a council form of government. The accompanying financial statements present the townships' primary government and component units (none) over which the township exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the Township of Mendon.

The major operations of the township include fire protection, general administrative services, and library services.

Criteria - primary vs. component unit (none)  
Oversight Responsibilities

- A. Financial interdependency - responsibility for financial deficits or entitlement to surpluses
- B. Selection of governing authority
- C. Designation of management
- D. Ability to significantly influence operations
- E. Accountability for fiscal matter

B. BASIS OF PRESENTATION - FUND ACCOUNTING

FUND ACCOUNTING - The accounts of the Township of Mendon are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that compromises its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Mendon Township  
Notes to Financial Statements (Continued)  
For the Fiscal Year Ended March 31, 2007

The funds are grouped into two fund types and four generic funds as described below:

**GOVERNMENTAL FUND TYPES** - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

**General Fund** - This fund is established to account for resources devoted to financing the general services that the township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the township are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

**Special Revenue Funds** - The Township of Mendon has two Special Revenue Funds, the Library Fund and the Fire Fund. These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trust, or major capital projects that are legally restricted to expenditures for specified purposes.

**Fiduciary Fund Types** - These funds account for assets held by the township as trustee or agent for individuals, private organizations, and other governmental units. These funds are as follows:

**Trust & Agency** - Used for various fees which are held for disbursement to proper agencies.

**GENERAL FIXES ASSETS ACCOUNT GROUP** - This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

**C. BASIS OF ACCOUNTING**

Governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are both measurable and available).

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations which are recognized when paid.

Agency fund assets and liabilities are accounted for under the modified accrual basis.

D. BUDGETARY DATA

BUDGETARY ACCOUNTING - Formal budgetary accounting is employed as a management control for all funds of the township. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds. The same basis of accounting is used to reflect actual revenues and expenditures/expense recognized on a generally accepted accounting principles basis.

All unencumbered budget appropriations lapse at the end of each fiscal year, council adopted fiscal year 3/07 budget on 4/1/07.

E. ASSETS, LIABILITIES, AND FUND EQUITY

Receivables - Receivables are reported at their gross value and are reduced by the estimated portion that is expected to be uncollectible.

Due To and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property, Plant and Equipment - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges are not capitalized. Property, plant and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group. Property, plant, and equipment acquired for proprietary funds is capitalized in the respective funds to which it applies. Property, plant, and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Fund equity - The unreserved fund balance for governmental funds represents the amount available for budgeting future operations.

F. REVENUE RECOGNITION

Property tax revenue recognition - The local unit property tax is levied on each December 1 on the state equalized valuation of property located in the Township of Mendon as of the preceding December 31. The 2006 taxable valuation of the Township of Mendon totaled \$75,818,810, on which ad valorem taxes were levied consisting of .9726 for local operations, .9752 for library, 1.3713 for fire operation, and fire equipment, and .1828 for ambulance. These amounts are recognized in the respective general fund and special revenue fund financial statements as taxes receivable or current tax collection.

G. COMPENSATED ABSENCE

Vacation, sick leave, and other compensated absences - the Township of Mendon has no carry over vacation, sick pay, or compensated absences at the end of the current fiscal year. All compensated absences must be used during the fiscal year earned or they are lost.

H. TOTAL COLUMN ON COMBINED STATEMENTS - OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund elimination's have not been made the aggregation of this data.

I. BALANCE SHEET CASH AND INVESTMENTS

Deposits are carried at cost. Deposits of the township are at one bank in the name Township of Mendon. Michigan Compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds securities, and other obligations of the United States, or an agency or instrumentality of the United States in which principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan Law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money.

Mendon Township  
Notes to Financial Statements (Continued)  
For the Fiscal Year Ended March 31, 2007

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Village's cash deposits are as follows:

	<u>Primary Government</u>
<u>Deposits</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 100,000
Uninsured	<u>419,673</u>
Total Deposits	<u>\$ 519,673</u>

J. FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
Land & Buildings	\$ 9,734	\$ 0	\$ 0	\$ 9,734
Equipment	<u>643,359</u>	<u>13,263</u>	<u>          </u>	<u>656,622</u>
Total	<u>\$653,093</u>	<u>\$ 13,263</u>	<u>\$ 0</u>	<u>\$666,356</u>

K. INTERFUND RECEIVABLES AND PAYABLES

Interfund transactions between various governmental and special revenue fund types occur during the fiscal year.

Mendon Township  
Notes to Financial Statements (Continued)  
For the Fiscal Year Ended March 31, 2007

Principally, these transactions arise from operating subsidies. Transactions that have not resulted in the actual transfer of cash as of the end of the fiscal year are recorded as amounts due from (fund receivable) and due to (fund liability) other funds. For financial reporting purposes, current amounts are shown in the respective fund balance sheet. At the end of each fiscal year, the amount of interfund receivables is equal to the amount of interfund payables.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		
Fire		
Tax Fund	\$ 11,242	
Library		
Tax Fund		
Fire Fund		
Tax Fund		
General		
Tax Fund		
General		\$ 11,242
Library		
Fire		
	<u>\$ 11,242</u>	<u>\$ 11,242</u>

L. GASB 34 REPORTING FINANCIAL

Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/07, also no current charge is being recorded for current year depreciation. Accordingly the Management and Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.



Mendon Township  
Notes to Financial Statements (Continued)  
For the Fiscal Year Ended March 31, 2007

M. POST EMPLOYMENT BENEFITS - No benefits are available

N. DEFINED CONTRIBUTION PLAN - 457 PLAN

Effective Date: January 1, 1993

Eligibility: To be eligible to participate in the Plan, you must be in an eligible class of employees.

Entry Dates: You will enter the Plan and begin to participate on the later of the Plan's effective date or the first day of the Plan Year or the corresponding day of any subsequent month coincident with or following the date that you meet the eligibility requirements.

Contributions to the Plan

Employer Contributions: Your employer will make contributions to the Plan that will be allocated periodically to participant accounts. The amount allocated to your Plan account will be 100% of the amount determined from the following schedule:

<u>Your Annual Compensation</u>			<u>Annual Contribution</u>
	less than	\$1,500.00	\$ 150.00
at least \$1,500.00 but	less than	\$3,000.00	\$ 450.00
at least \$3,000.00 but	less than	\$4,500.00	\$ 750.00
at least \$4,500.00 but	less than	\$6,000.00	\$1,050.00
	more than	\$6,000.00	\$1,350.00

Voluntary After-Tax Employee Contributions: You may make voluntary after-tax contributions, through payroll withholding, in amounts ranging from 1% to 10% of your Compensation.

Distribution of your Vested Account

Time and Method for Distribution: Your vested account balance will be valued following your retirement, disability, death or other termination of employment, and the vested amount as so determined will be paid as soon thereafter as possible. Normally, this process takes several months, while the Employer determines any final contribution to be made on your behalf and the value of account investments is determined.

Mendon Township  
General Fund  
Balance Sheet  
March 31, 2007

ASSETS

ASSETS

Cash	\$14,784
Investments	210,268
Delinquent taxes receivable	6,300
Accounts receivable - State Revenue Sharing	31,128
Due from Tax Fund	11,242
Prepaid Expenses	<u>1,122</u>
Total assets	<u><u>\$274,844</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$10,596
Due to Fire Fund	<u>0</u>
Total liabilities	10,596

FUND BALANCE

264,248

Total liabilities and fund balance	<u><u>\$274,844</u></u>
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STATEMENT OF FUND BALANCE

FUND BALANCE - BEGINNING	\$267,901
Excess of revenue over (under) expenditures	<u>(3,653)</u>
FUND BALANCE - ENDING	<u><u>\$264,248</u></u>

Mendon Township  
General Fund  
Statement of Revenue and Expenditures Compared to Budget  
For the Year Ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Current tax levy - general	\$57,000	\$67,498	\$10,498
Trailer park fees	1,200	842	(359)
State Revenue Sharing	130,000	126,505	(3,495)
Building and other permits	13,500	8,442	(5,058)
Grave openings	0	712	712
Cemetery lot sales	5,000	4,300	(700)
Interest	3,500	14,427	10,927
Refund and miscellaneous	15,550	3,700	(11,850)
Total revenue	225,750	226,426	676
EXPENDITURES			
Township board	45,596	47,722	(2,126)
Supervisor-assessor-administrative assistant	48,057	49,171	(1,114)
Elections	2,900	4,455	(1,555)
Clerk	21,673	17,551	4,122
Treasurer	28,324	27,966	358
Cemetery	30,205	27,658	2,547
Town hall	7,300	7,730	(430)
Zoning appeals	670	989	(319)
Constable - inspector	13,100	9,865	3,235
Roads-drains	19,050	22,140	(3,090)
Zoning board	6,600	5,375	1,225
Ambulance service	10,000	9,458	542
Total expenditures	233,475	230,078	3,397
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(\$7,725)</u>	<u>(\$3,653)</u>	<u>(\$2,721)</u>

Mendon Township  
General Fund  
Statement of Operating Expenditures Compared to Budget  
For the Year Ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOWNSHIP BOARD</b>			
Trustee	\$2,776	\$2,603	\$173
Office supplies	1,500	1,153	347
Subsidy local units	10,000	10,867	(867)
Insurance - life	170	177	(7)
Insurance - liability	5,000	4,282	718
Insurance - workmen's compensation	700	1,334	(634)
Dues - membership	1,200	0	1,200
Pension premium	950	922	28
Legal fees - audit	6,500	5,229	1,271
Transportation	300	527	(227)
Miscellaneous	14,000	19,590	(5,590)
Dump expense	0	0	0
Equipment	2,500	1,038	1,462
Total township board	45,596	47,722	(2,126)
<b>SUPERVISOR-ASSESSOR-ADMINISTRATIVE ASSISTANT</b>			
Salaries	13,207	12,756	451
Assessor	16,200	15,430	770
Office supplies	1,500	1,445	55
Contracted services	0	2,466	(2,466)
Health Insurance-Administrative Assistant	11,820	12,520	(700)
Miscellaneous - professional	2,780	1,705	1,075
Pension	2,550	2,850	(300)
Total supervisor-assessor-administrative assistant	48,057	49,171	(1,114)
<b>ELECTIONS</b>			
Salaries	1,500	3,133	(1,633)
Office supplies-new equipment	1,000	334	666
Election notices	200	166	34
Transportation-professional services	200	822	(622)
Total elections	2,900	4,455	(1,555)

The notes to the financial statement are an integral part of this statement.

Mendon Township  
General Fund  
Statement of Operating Expenditures Compared to Budget - Continued  
For the Year Ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
CLERK			
Salary	14,523	13,651	872
Office supplies - miscellaneous	4,000	1,350	2,650
Pension	3,150	2,550	600
Total clerk	21,673	17,551	4,122
TREASURER			
Salaries	18,124	18,368	(244)
Office supplies	1,500	3,025	(1,525)
Transportation	100	49	51
Miscellaneous - professional	5,000	3,253	1,747
Pension	3,600	3,271	329
Total treasurer	28,324	27,966	358
CEMETERY			
Salaries	13,955	12,869	1,086
Supplies	650	684	(34)
Utilities	700	653	47
Maintenance	8,000	6,833	1,168
Capital Outlay	0	0	0
Miscellaneous	6,900	6,620	280
Total cemetery	30,205	27,658	2,547
TOWN HALL			
Maintenance	5,000	4,493	507
Supplies	100	198	(98)
Utilities	2,200	1,758	442
Miscellaneous	0	1,281	(1,281)
Total town hall	7,300	7,730	(430)

Mendon Township  
General Fund  
Statement of Operating Expenditures Compared to Budget - Continued  
For the Year Ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
BOARD OF REVIEW			
Salaries	500	496	5
Printing, publishing and miscellaneous	170	10	160
Supplies	0	483	(483)
Total board of review	670	989	(319)
CONSTABLE - INSPECTOR	13,100	9,865	3,235
ROADS - DRAINS			
Road maintenance	19,050	22,140	(3,090)
Drains	0	0	0
Total roads - drains	19,050	22,140	(3,090)
ZONING BOARD			
Salary	2,500	1,419	1,081
Legal notices	3,500	444	3,056
Miscellaneous	600	3,512	(2,912)
Total zoning board	6,600	5,375	1,225
AMBULANCE SERVICE	10,000	9,458	542
Total operating expenditures	<u>\$233,475</u>	<u>\$230,078</u>	<u>\$3,397</u>

Mendon Township  
Combining Balance Sheet  
Special Revenue Funds  
March 31, 2007

ASSETS

	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Total</u>
ASSETS			
Cash	\$56,533	\$1,871	\$58,405
Investments	108,555	113,775	222,329
Delinquent taxes receivable	8,632	6,316	14,949
Prepaid expenses	<u>1,939</u>	<u>340</u>	<u>2,279</u>
 Total assets	 <u><u>\$175,659</u></u>	 <u><u>\$122,303</u></u>	 <u><u>\$297,962</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	<u>\$2,533</u>	<u>\$2,261</u>	<u>\$4,794</u>
 Total liabilities	 \$2,533	 \$2,261	 \$4,794
 FUND BALANCE	 <u>173,126</u>	 <u>120,042</u>	 <u>293,168</u>
 Total liabilities and fund balance	 <u><u>\$175,659</u></u>	 <u><u>\$122,303</u></u>	 <u><u>\$297,962</u></u>

The notes to the financial statement are an integral part of this statement.

Mendon Township  
Combining Statement of Revenue, Expenditures and Changes in Fund Balance  
Special Revenue Funds  
For the Year Ended March 31, 2007

	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Total</u>
REVENUE			
Current tax levy	\$80,063	\$59,693	\$139,756
State of Michigan	0	5,448	5,448
Interest and rent	5,140	3,438	8,578
Transfer from General Fund	0	0	0
Federal funds received	0	0	0
Grants - Contributions	0	12,065	12,065
Penal Fines	<u>0</u>	<u>16,137</u>	<u>16,137</u>
Total revenues	85,203	96,781	181,984
EXPENDITURES			
Salaries	10,526	30,323	40,849
Maintenance - training	5,389	9,191	14,580
Books, periodicals and supplies	527	11,658	12,185
Capital outlay	1,605	0	1,605
Insurance	7,402	1,297	8,699
Communications	1,613	2,887	4,500
Transportation	428	0	428
Utilities	5,952	3,881	9,833
Health insurance	0	12,515	12,515
Miscellaneous	<u>10,209</u>	<u>13,531</u>	<u>23,740</u>
Total expenditures	<u>43,652</u>	<u>85,283</u>	<u>128,934</u>
Excess of Revenues Over (Under) Expenditures	41,551	11,498	53,050
FUND BALANCE - BEGINNING	<u>131,575</u>	<u>108,543</u>	<u>240,118</u>
FUND BALANCE - ENDING	<u><u>\$173,126</u></u>	<u><u>\$120,042</u></u>	<u><u>\$293,168</u></u>



Mendon Township  
Fire Fund  
Balance Sheet  
March 31, 2007

ASSETS

Cash	\$56,533
Investments	108,555
Delinquent taxes receivable	8,632
Prepaid expenses	<u>1,939</u>
Total assets	<u><u>\$175,659</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$2,533
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FUND BALANCE	<u>173,126</u>
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Total liabilities and fund balance	<u><u>\$175,659</u></u>
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STATEMENT OF FUND BALANCE

FUND BALANCE - BEGINNING	\$131,575
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Excess of revenue over (under) expenditures	<u>\$41,551</u>
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FUND BALANCE - ENDING	<u><u>\$173,126</u></u>
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Mendon Township  
Fire Fund  
Statement of Revenue and Expenditures Compared to Budget  
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$70,000	\$80,063	\$10,063
Other	0	0	0
Interest and rent	<u>3,800</u>	<u>5,140</u>	<u>1,340</u>
Total revenues	73,800	85,203	11,403
EXPENDITURES			
Salaries	13,900	10,526	3,374
Office supplies	600	527	73
Maintenance-training	3,000	5,389	(2,389)
Communications	0	1,613	(1,613)
Transportation and meals	250	428	(178)
Insurance	12,700	7,402	5,298
Utilities	4,000	5,952	(1,952)
Rent	1,800	0	1,800
Capital Outlay	7,000	1,605	5,395
Miscellaneous	<u>6,300</u>	<u>10,209</u>	<u>(3,909)</u>
Total expenditures	<u>49,550</u>	<u>43,652</u>	<u>5,898</u>
Excess of revenues over (under) expenditures	<u>\$24,250</u>	<u>\$41,551</u>	<u>\$5,505</u>

Mendon Township  
Library Fund  
Balance Sheet  
For the Year Ended March 31, 2007

ASSETS

Cash	\$1,871
Investments	113,775
Delinquent taxes receivable	6,316
Prepaid expenses	<u>340</u>
Total assets	<u><u>\$122,303</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$2,261
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FUND BALANCE	<u>120,042</u>
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Total liabilities and fund balance	<u><u>\$122,303</u></u>
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STATEMENT OF FUND BALANCE

FUND BALANCE - BEGINNING	\$108,543
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Excess of revenue over (under) expenditures	<u>11,498</u>
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FUND BALANCE - ENDING	<u><u>\$120,042</u></u>
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Mendon Township  
Library Fund  
Statement of Revenue and Expenditures Compared to Budget  
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Contribution from General fund and others	\$400	\$12,065	\$11,665
Tax revenue	63,000	59,693	(3,307)
Penal fines	18,000	16,137	(1,863)
State aid	6,121	5,448	(673)
Interest	3,000	3,438	438
Miscellaneous	<u>427</u>	<u>0</u>	<u>(427)</u>
Total revenues	90,948	96,781	5,833
EXPENDITURES			
Salaries - Board	36,000	30,323	5,677
Books and periodicals	12,000	11,658	342
Library supplies	1,740	6,891	(5,151)
Building maintenance and repairs	5,786	9,191	(3,405)
Utilities - insurance	7,500	5,575	1,925
Health insurance	13,410	12,515	895
Dues	2,120	0	2,120
Miscellaneous	<u>5,885</u>	<u>9,130</u>	<u>(3,245)</u>
Total expenditures	<u>84,441</u>	<u>85,283</u>	<u>(842)</u>
Excess of revenues over (under) expenditures	<u><u>\$6,507</u></u>	<u><u>\$11,498</u></u>	<u><u>\$6,675</u></u>

Mendon Township  
Combining Balance Sheet  
All Fiduciary Funds  
March 31, 2007

ASSETS

	<u>Agency Funds</u>		
	<u>Trust and Agency</u>	<u>Current Tax</u>	<u>Totals</u>
Cash and Cash Equivalents	<u>\$1,087</u>	<u>\$12,800</u>	<u>\$13,887</u>

LIABILITIES

Due to schools	\$0	\$142	\$142
Due to St. Joseph County	0	49	49
Due to taxpayers	0	1,337	1,337
Due to other funds and units of government	1,087	30	1,117
Due to Mendon Township	<u>0</u>	<u>11,242</u>	<u>11,242</u>
Total liabilities	<u>\$1,087</u>	<u>\$12,800</u>	<u>\$13,887</u>

Mendon Township  
Trust and Agency Fund  
Balance Sheet  
March 31, 2007

ASSETS

Cash	<u>\$1,087</u>
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LIABILITIES AND FUND BALANCE

Due to other units of government	<u>\$1,087</u>
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Fund Balance	<u>0</u>
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Total liabilities and fund balance	<u>\$1,087</u>
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Mendon Township  
Current Tax Fund  
Balance Sheet  
March 31, 2007

ASSETS

Cash	<u><u>\$12,800</u></u>
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LIABILITIES

Due to Kalamazoo Valley Intermediate Schools	\$15
Due to Kalamazoo Valley Schools	15
Due to Schools	142
Due to Mendon Schools	0
Due to Mendon Township	11,242
Due to St. Joseph County	49
Due to taxpayer	<u>1,337</u>

Total liabilities	<u><u>\$12,800</u></u>
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Phone (269) 651-4225  
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Township Board  
Mendon Township  
Mendon, Michigan

We have audited the general purpose financial statements of the Mendon Township, as of and for the year ended March 31, 2007, and have issued our report thereon dated September 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Mendon Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

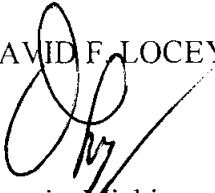
In planning and performing our audit, we considered the Mendon Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material



weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

A handwritten signature in black ink, appearing to read 'D. Lochey', is written over the printed name.

Sturgis, Michigan  
September 10, 2007

**David F. Locey, C.P.A., P.C.**

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67036 N. M-66  
Sturgis, Michigan 49091

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**COMMENTS AND RECOMMENDATIONS**

Township Board  
Mendon Township  
Mendon, Michigan 49072

Dear Board Members:

We appreciated the opportunity of examining your records for the year ended March 31, 2007. During the course of our examination we found the following items for comments and recommendations:

1. The condition of the records was much improved over the March 31, 2005 reporting period. All the records have been computerized which has to help in the financial management of the Township.
2. You need to post the audit adjustments for the year ended March 31, 2007, so your general ledger is the same as the audit report as of April 1, 2007.
3. We are recommending an annual audit or review, presently adjustments are made to records once every two years, converting from cash to accrual basis.

Again, we appreciated the opportunity to be of service to your Township over the years and look forward to future engagements.



David F. Locey, CPA, PC  
September 10, 2007